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SIPDIS

NEA FOR FRONT OFFICE. NSC FOR SHAPIRO/KUMAR. JOINT STAFF
FOR LTGEN SELVA, JERUSALEM PASS AMB. HALE

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SUBJECT: GOI'S PROPOSED NATIONAL PRIORITIES AREA TO INCLUDE
90 SETTLEMENTS

Classified By: DCM Luis G. Moreno for reasons 1.4 b/d

¶11. (U) On the evening of 9 December, PM Netanyahu's office announced that it will seek cabinet approval on 13 December for a redrawn National Priority Area list that would include 90 settlements, most of which are outside of the settlement blocs and east of the separation barrier. NPA status would grant the approximately 110,000 residents of the chosen settlements an additional NIS 110 million in education, employment, infrastructure, and other benefits from several Israeli ministries. The previous NPA list, which expired in May 2009, left most settlements off the list, with the exception of isolated settlements in the Jordan Valley and the south Hebron Hills. (Note: A list and map of the settlements included in the PMO proposal, can be viewed on the Embassy's classified website at <http://www.state.sgov.gov/p/nea/telaviv/> under the link "Reporting Attachments." End note.)

¶12. (U) According to the PMO, the decision to include the majority of settlements in the new NPA list is based on national security considerations, while Green Line communities were primarily chosen to encourage population dispersal to the northern and southern peripheries. Defense leaders reportedly ranked the security situation of each community based on a one to four scale, and those with a risk rating of three or greater were placed on the NPA list. This sharply contrasts with the "periphery index" criteria developed by the Olmert government in August 2008, which determined NPA status based on a community's distance from the "center" (greater Tel Aviv area). (Note: Olmert's NPA policy did, however, allow significant discretion for heads of ministries to dole out benefits to communities not on the list in "special circumstances." End note.)

¶13. (SBU) The PMO's announcement comes as a surprise to many, since as late as last month, Israeli press had reported that heads of the Ministry of Finance, the Ministry of Industry, Trade and Labor, and the PMO had agreed to extend the old NPA map until the end of 2010, and prepare a new map by June 2010. Despite PMO's denial, some in the Israeli press and NGO community have suggested that the timing of the NPA announcement, if not the actual composition of the list, is an attempt to quell settler anger and violence in the wake of the GOI's moratorium on new construction.

¶14. (C) Comment: Inclusion of such a large number of settlements in the PMO's proposed NPA map is short-sighted and counter-productive to overall efforts to restart peace talks. While the new NPA map may quiet some of the current settler opposition, the end result could be to further encourage settlement, especially outside the blocs and east of the barrier into areas that Israel has no expectation of keeping under any final status agreement.

CUNNINGHAM